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EXHIBIT 7

Excerpt from Panel Testimony of Bell Atlantic-New York on Costs and Rates for ADSL/HDSL-Compatible Loops and Digital-Designed Loops, *In re: Proceeding on Motion of the Commission to Examine New York Telephone Company's Rates for Unbundled Network Elements*, New York Public Service Commission, Case 98-C-1357 (Oct. 18, 1999)

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

| Proceeding on Motion of the Commission to Examine New York Telephone Company's Rates for Unbundled Network Elements | Case 98-C-1357 |

PANEL TESTIMONY OF BELL ATLANTIC - NEW YORK
ON COSTS AND RATES FOR
ADSL/HDSL-COMPATIBLE LOOPS AND DIGITAL-DESIGNED LOOPS

Members of Panel:

Carmelo R. Curbelo
Richard L. Fowler
James Schafer
John White

October 18, 1999

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1   DSL that BA-NY submitted to the FCC, and are covered by general

2   Infospeed rates, not in separately identified qualification charges.

3   The extent to which CLECs will incur conditioning costs depends

4   upon the terminating electronics that they choose to use and the ex-

5   tent to which they are willing to limit their offerings to customers

6   whose loops meet certain requirements. BA-NY has chosen, at least

7   for the present, to limit its own retail offering to loops of 15,000 feet or

8   less that do not require any conditioning, and accordingly does not in-

9   cur any conditioning costs. Other carriers may choose to offer their

10   DSL-based services to a wider range of customers, and if they do,

11   they may incur conditioning costs that BA-NY does not incur.

12   **A.   THE QUALIFICATION PROCESS**

13   Q.   Please provide an overview of the loop qualification process.

14   A.   The primary means by which CLECs can obtain loop qualification in-

15   formation is by submitting queries to BA-NY's automated loop qualifi-

16   cation database (the "Database"). This Database supports both BA-

17   NY's retail service and the provision of unbundled ADSL/HDSL-

18   compatible links to CLECs.

19   Since the Database is still in the process of being built on a central-

20   office-by-central-office basis, in some cases a loop on which a CLEC

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1 wishes to offer an xDSL-based service may not yet be included in the

2 Database. Alternatively, if the Database shows that the loop does not

3 qualify, the CLEC may wish to determine *why* it is not qualified (*e.g.*,

4 the presence of load coils, the presence of Digital Loop Carrier

5 ["DLC"] equipment, or excessive loop length). (The particular infor-

6 mation that a CLEC may need to qualify a loop for its own services

7 depends on the nature of those services, and in particular on the

8 technical characteristics of the terminating electronics that the CLEC

9 chooses to use.) In such case, additional information can be

10 provided through a Manual Loop Qualification process. Further

11 information that may be of interest to CLECs offering specialized

12 services, such as cable gauges and the location of load coils, is

13 available through the Engineering Query process.

14 A CLEC that is offering services comparable to BA-NY's retail serv-

15 ices should be able to get all of the qualification information it needs

16 from the Database (provided that the Database has been created for

17 the central office in question). The Manual Loop Qualification and

18 Engineering Query processes recognize the fact that CLECs may

19 wish to offer services with more stringent technical requirements than

20 Infospeed DSL.

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1   Q.   What charges are proposed for the qualification function?

2   A.   A recurring Mechanized Loop Qualification charge, applicable to all

3   loops used to offer xDSL-based services, is proposed to recover a

4   pro rata share of the costs incurred in the creation and maintenance

5   of the Database. Non-recurring charges imposed on the requesting

6   carrier are proposed to recover the costs of Manual Loop

7   Qualification and Engineering Query.

8   **1.   Mechanized Loop Qualification**

9   Q.   What information can a CLEC obtain from the Database and how is it

10   obtained?

11 A.   A CLEC can submit a query to the Database through BA-NY's stan-

12   dard Operations Support System wholesale interfaces, including both

13   EDI and the Web GUI. The query may identify the loop in question

14   by telephone number or address. The principal loop qualification

15   information that is available from the Database and that would be of

16   interest to CLECs is the total metallic loop length (including bridged

17   taps), as determined by an MLT test.[13] The Database will also

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[13] An MLT test determines the effective length of a loop by measuring its capacitance. The process involves sending a voltage pulse from testing equipment located in an MLT test center, through a central office switch port, and down the loop being tested. Only working loops, *i.e.*, loops connected to a switch port and provided with dialtone, can be MLT-tested.

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1		Database will also indicate, however, whether or not the loop is
2		qualified for the offering of Infospeed DSL service. (A loop is deemed
3		qualified for Infospeed DSL if the total loop length, including bridged
4		tap, is less than 15,000 feet, if the loop is *not* served by DLC, and if
5		T1 is absent from the loop's binder group.[14])
6		It should be noted that although the Database is accessed by
7		entering a particular telephone number or address, the loop
8		qualification information is generated and stored on a terminal-by-
9		terminal basis. The information returned from the Database indicates
10		whether qualified loops are available within the terminal serving the
11		specific location in question.
12	Q.	How is the Database being created?
13	A.	The creation of the Database for a particular terminal involves MLT
14		testing of a sample of the loops in that terminal. The testing is carried
15		out on an automated, bulk-testing basis that greatly reduces the time
16		and cost per test. The loop-length information obtained from the MLT

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[14] A "binder group" is a bundle of pairs, typically twenty-five, that are adjacent to each other within a cable. Transmission of T1 signals can interfere with xDSL transmission in nearby pairs, and *vice versa*.

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1   test is then associated in the database with the telephone number

2   and address of each of the loops served by that terminal.[15]

3   On an ongoing basis, the Database will be updated to reflect any

4   changes in loop qualification information resulting from modifications

5   or rearrangements to loop facilities (*e.g.*, the upgrading of a particular

6   loop from copper to DLC).

7   Q.   How many offices are currently included in the Database?

8   A.   By the end of 1999, over 90 percent of offices with a CLEC colloca-

9   tion presence are scheduled to be included in the Database. The ef-

10   fort of including *all* New York offices in the Database is expected to

11   be completed within five years. Priority is being given to offices

12   based on BA-NY's proposed roll-out of retail Infospeed service, the

13   presence of CLEC collocation, and specific CLEC forecasts for the

14   offering of their own xDSL-based services.

15   Q.   Is BA-NY considering the inclusion of additional loop qualification in-

16   formation in the Database?

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[15] A preliminary step in the bulk testing process is generating a file listing the loops to be tested. Terminals that contain T1 in the binder group or that have less than a specified percentage of non-DLC loops are excluded from these files. Thus, loops in such terminals are not MLT-tested, and the terminals are simply recorded in the Database as non-qualified.

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1   A.   Yes. As currently configured, the Database does not indicate why a

2   particular loop is unqualified for Infospeed (*i.e.*, whether the lack of

3   qualification is due to excessive length, or the fact that the loop con-

4   tains a DLC system, or the fact that the loop is in a binder group with

5   a cable being used for T1 transmission). Starting in the first quarter

6   of 2000, the Company plans to add additional fields to the Database

7   to include this information. These fields will be populated for newly-

8   qualified offices on an ongoing basis. For offices already in the Data-

9   base, the fields will be populated for terminals tested pursuant to the

10   Manual Loop Qualification process, as such manual testing is com-

11   pleted.

12   Q.   Why doesn't the Database include *all* information that might be of in-

13   terest to CLECs intending to offer ADSL/HDSL-based services, and

14   that currently must be obtained through the Manual Loop

15   Qualification or Engineering Query processes?

16   A.   Obtaining information on cable gauges, load coil locations, etc., for *all*

17   of BA-NY's loops — and using it to populate a greatly expanded da-

18   tabase — would require a massive and highly expensive effort.

19   Paper records ("cable plats") would have to be reviewed for literally

20   millions of loops. This would greatly expand the cost of the Database

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1   for all carriers, including those whose chosen technologies do not

2   require such detailed information. In contrast, under BA-NY's less

3   extravagant approach, unnecessary costs are not incurred to review

4   cable plats for loops that may never be used to offer xDSL-based

5   services. Moreover, under BA-NY's approach, the costs of paper-

6   record-review would be imposed in a cost-causative manner only on

7   those CLECs whose services require the additional information.

8 Q. What charges are associated with the Database?

9 A. BA-NY has proposed a Mechanized Loop Qualification Charge. This

10   is a recurring charge, imposed on all ADSL-capable loops ordered by

11   CLECs. (The associated cost is also identified as a cost of all loops

12   used to provide Infospeed DSL service, and is covered by the retail

13   rate for such service.)[16]

14   The Mechanized Loop Qualification Charge would not be imposed on

15   loops served by central offices that are not included in the Database

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[16] The charge is not based on the actual (*i.e.*, historical) costs of creating and maintaining the Database, but rather on the estimated, forward-looking costs of the functions involved in Database creation and maintenance. Moreover, with respect to Database creation, *only* the costs associated with MLT testing are recovered in the charge. Any additional costs (for example, the costs associated with excluding from MLT test files loops equipped with DLC technology or loops located in binder groups with T1 facilities) are not recovered in the wholesale charge.

The development of the Mechanized Loop Qualification charge is discussed in detail later in this testimony.

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1   at the time of the CLEC request. It also would not be imposed on

2   CLECs that choose not to consult the Database prior to ordering an

3   ADSL/HDSL-compatible loop or DDL.

4 Q. What activities are involved in Database maintenance?

5 A. The activities involved in Database maintenance are related to pro-

6   gram changes, loading and extracting data, and the updating of the

7   records in the database performed by engineers in the Facilities Man-

8   agement Center ("FMC"). In general, these activities will be con-

9   ducted on an ongoing basis as a consequence of changes in

10   facilities, growth in loop plant, and CLEC requests for additional

11   information not originally included in the Database.

12   This expense is in no way related to the computer-operations, soft-

13   ware-development, and database management type expenses as-

14   signed for recovery through Annual Cost Factors ("ACFs") under such

15   USOA Accounts as 6724 (Information Management).

16   **2.   Manual Loop Qualification**

17 Q. What information is available through the Manual Loop Qualification

18   process?

19 A. Information available through Manual Loop Qualification process in-

20   cludes: (a) total metallic loop length (inclusive of bridged tap), (b)

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EXHIBIT 8

CLEC Aggregate Performance Data on UNE Complex Services for June through September 1999, Disaggregated According to 2-Wire Digital (ISDN) and ADSL Services

Carrier to Carrier
Performance Standards and Reports
Bell Atlantic - New York
CLEC Aggregate Performance
UNE COMPLEX SERVICES
Supplemental Data

Metric #		Performance		Volume	
		BA	**CLEC**	**BA**	**CLEC**

Jun-99

Ordering Performance
2 Wire Digital Loops

Metric #		BA	CLEC	BA	CLEC
OR-1-03 & 05	Average Order Confirmation Response Time	▓	39.40	▓	935
OR-1-04 & 06	% Orders Confirmed On Time	▓	69.19	▓	935
OR-2-03 & 05	Average Reject Response Time	▓	30.21	▓	140
OR-2-04 & 06	% Reject on Time	▓	72.85	▓	140

ADSL Loops

OR-1-03 & 05	Average Order Confirmation Response Time	▓	61.56	▓	5
OR-1-04 & 06	% Orders Confirmed On Time	▓	40.00	▓	5
OR-2-03 & 05	Average Reject Response Time	▓	50.52	▓	5
OR-2-04 & 06	% Reject on Time	▓	60	▓	5

Provisioning Performance
2 Wire Digital Loops

PR-2-01 & 02	Average Interval Completed (Disp. & No Disp.)		4.70		431
PR-4-04 & 05	% Missed Appointment - BA (Disp. & No Disp.)		0.70%		713
PR-6-01	% Installation Troubles within 30 Days		12.23%		777

ADSL Loops

PR-2-01 & 02	Average Interval Completed (Disp. & No Disp.)	9.00	6.00	27	7
PR-4-04 & 05	% Missed Appointment - BA (Disp. & No Disp.)	3.57%	0.00%	28	7
PR-6-01	% Installation Troubles within 30 Days		UD		9

Jul-99

Ordering Performance
2 Wire Digital Loops

OR-1-03 & 05	Average Order Confirmation Response Time	▓	29.38	▓	1490
OR-1-04 & 06	% Orders Confirmed On Time	▓	78.85	▓	1490
OR-2-03 & 05	Average Reject Response Time	▓	21.26	▓	292
OR-2-04 & 06	% Reject on Time	▓	83.56	▓	292

ADSL Loops

OR-1-03 & 05	Average Order Confirmation Response Time	▓	64.45	▓	51
OR-1-04 & 06	% Orders Confirmed On Time	▓	45.09	▓	51
OR-2-03 & 05	Average Reject Response Time	▓	39.28	▓	30
OR-2-04 & 06	% Reject on Time	▓	66.66	▓	30

Provisioning Performance
2 Wire Digital Loops

PR-2-01 & 02	Average Interval Completed (Disp. & No Disp.)		5.91		505
PR-4-04 & 05	% Missed Appointment - BA (Disp. & No Disp.)		2.20%		998
PR-6-01	% Installation Troubles within 30 Days		14.27%		1051

ADSL Loops

PR-2-01 & 02	Average Interval Completed (Disp. & No Disp.)	10.63	6.08	342	44
PR-4-04 & 05	% Missed Appointment - BA (Disp. & No Disp.)	0.88%	0.00%	342	56
PR-6-01	% Installation Troubles within 30 Days		3.57%		56

Aug-99

Ordering Performance
2 Wire Digital Loops

OR-1-03 & 05	Average Order Confirmation Response Time	▓	31.50	▓	687
OR-1-04 & 06	% Orders Confirmed On Time	▓	86.89	▓	687
OR-2-03 & 05	Average Reject Response Time	▓	25.38	▓	152
OR-2-04 & 06	% Reject on Time	▓	87.50	▓	152

ADSL Loops

OR-1-03 & 05	Average Order Confirmation Response Time	▓	63.03	▓	480
OR-1-04 & 06	% Orders Confirmed On Time	▓	59.37	▓	480
OR-2-03 & 05	Average Reject Response Time	▓	28.43	▓	222
OR-2-04 & 06	% Reject on Time	▓	88.73	▓	222

Provisioning Performance
2 Wire Digital Loops

PR-2-01 & 02	Average Interval Completed (Disp. & No Disp.)		7.82		169
PR-4-04 & 05	% Missed Appointment - BA (Disp. & No Disp.)		4.00%		350
PR-6-01	% Installation Troubles within 30 Days		12.66%		403

ADSL Loops

PR-2-01 & 02	Average Interval Completed (Disp. & No Disp.)	7.19	7.21	637	332
PR-4-04 & 05	% Missed Appointment - BA (Disp. & No Disp.)	3.02%	6.90%	637	449
PR-6-01	% Installation Troubles within 30 Days		4.64%		453

NOTE: WFA used for August ADSL Missed Appt. and Interval Data.

▓ = Interval metrics revised to exclude customer caused misses.

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Carrier to Carrier
Performance Standards and Reports
Bell Atlantic - New York
CLEC Aggregate Performance
UNE COMPLEX SERVICES
Supplemental Data

Metric #		Performance		Volume	
		BA	**CLEC**	**BA**	**CLEC**
	Sep-99				
	Ordering Performance				
	2 Wire Digital Loops				
OR-1-03 & 05	Average Order Confirmation Response Time		40.08		328
OR-1-04 & 06	% Orders Confirmed On Time		78.35		328
OR-2-03 & 05	Average Reject Response Time		20.46		131
OR-2-04 & 06	% Reject on Time		93.12		131
	ADSL Loops				
OR-1-03 & 05	Average Order Confirmation Response Time		87.29		805
OR-1-04 & 06	% Orders Confirmed On Time		55.40		805
OR-2-03 & 05	Average Reject Response Time		34.06		332
OR-2-04 & 06	% Reject on Time		81.02		332
	Provisioning Performance				
	2 Wire Digital Loops				
PR-2-01 & 02	Average Interval Completed (Disp. & No Disp.)		9.69		157
PR-4-04 & 05	% Missed Appointment - BA (Disp. & No Disp.)		1.30%		231
PR-6-01	% Installation Troubles within 30 Days		22.53%		182
	ADSL Loops				
PR-2-01 & 02	Average Interval Completed (Disp. & No Disp.)	7.69	7.88	586	328
PR-4-04 & 05	% Missed Appointment - BA (Disp. & No Disp.)	2.10%	3.22%	856	653
PR-6-01	% Installation Troubles within 30 Days		4.12%		655

NOTE: WFA used for September ADSL Missed Appt. and Interval Data.

EXHIBIT 9

Excerpt from Bell Atlantic Presentation to Assistant Attorney General Joel I. Klein (Oct. 15, 1999)

Bell Atlantic-New York 271 Application

October 15, 1999

"As the Act conceives it, the Bells must offer new entrants an equal opportunity to compete for local telephone service customers. And, once they have achieved this goal, the Act allows for Bell entry into the long distance markets in their respective regions." Speech, The Race for Local Competition: A Long Distance Run, Not a Sprint, Nov. 5, 1997.
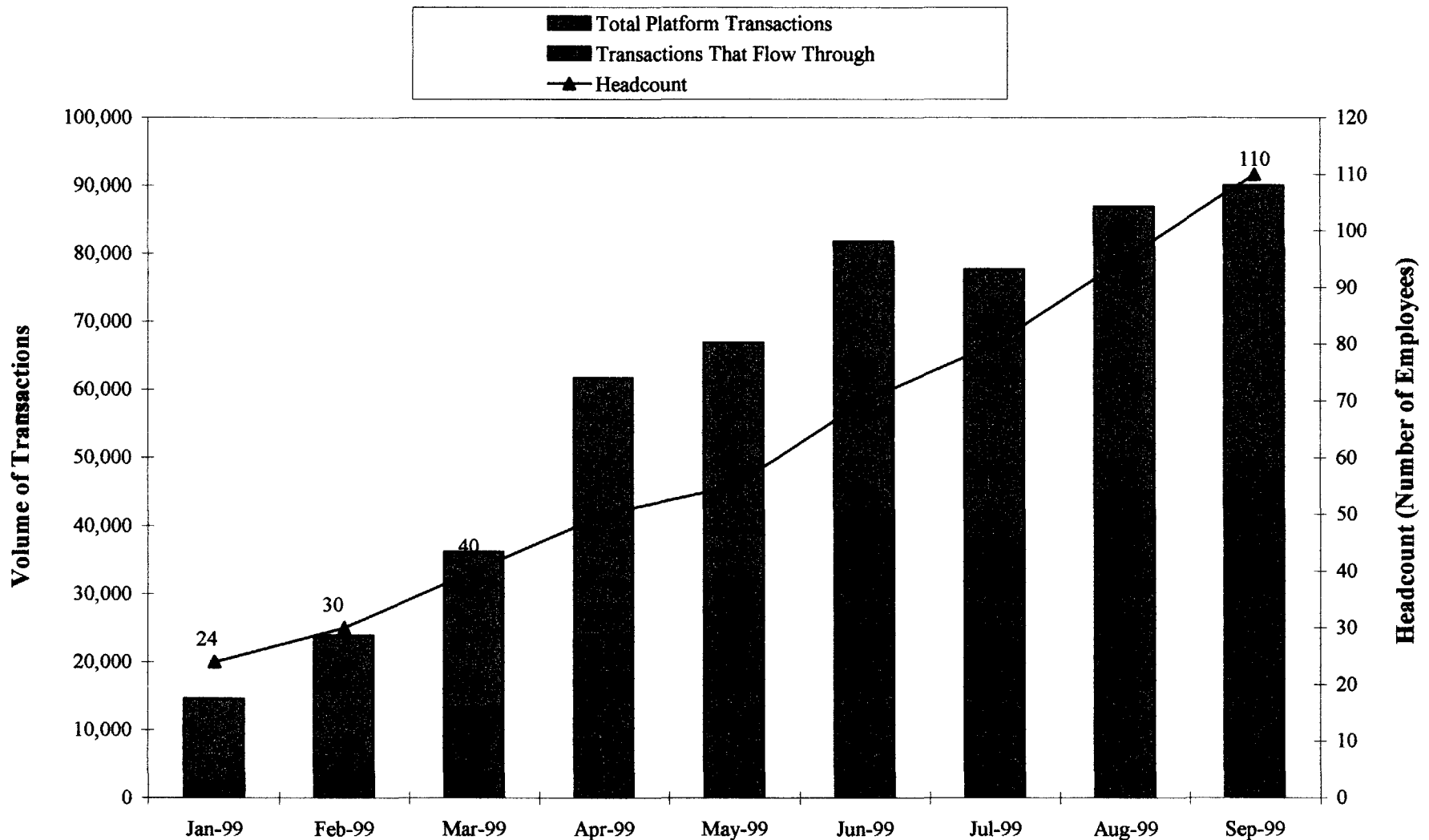
Bell Atlantic Presentation to Assistant Attorney General Joel I. Klein (October 15, 1999)

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Flowthrough

- Current flowthrough is sufficient.

  - Addressed in April 1998 Pre-Filing Statement.

  - All orders come in electronically (no PacBell situations).

  - All parties, including DOJ and CLECs, agreed to a list of transactions that BA should develop the capability to flow through.

  - KPMG tested and found that more than 99% of these transactions flowed through and that BA's systems are scalable (see Application at 42, 43).

- In practice, not all the orders that BA is capable of flowing through do flow through. This is overwhelmingly because:

  - CLEC errors (30% of orders that don't flow through).

  - Certain order types are designed not to flow through, and for good reason (62% of orders that don't flow through).

Platform Transactions That Fall Out Are Handled With A Modest Workforce That Is Easily Scalable To Meet Increased Volume

Bell Atlantic Presentation to Assistant
Attorney General Joel I. Klein (October 15,
1999)

- At DOJ's urging, we have committed to specific flowthrough improvements and to new performance standards administered by the NY PSC.

	of completed platform orders	of all orders
Current flowthrough	67%	52%
10/99 improvements (if CLECs waive notice period)	77%	67%
end of 1999 improvements	82%	74%
2Q2000 improvements	89%	85%

- New flowthrough standards:

  - 95% for order types designed to flow through

  - 80% overall

- **Even at current flowthrough levels, we complete 99% of orders on time.** See Application at 16.

- These numbers show the New York market is irreversibly open.

  - Presence of facilities-based competition means we have to make our own network open to competitors. Otherwise, we lose the business entirely. See Application at 57, quoting Schwartz Aff.

  - Other protections:

    – Performance Assurance Plan, administered by a very determined state commission.

    – BA needs to file other 271s to bring in GTE assets, particularly the BBN Internet backbone. That means we have to keep our record clean.

- The next ramp up in local competition will occur when AT&T gets serious. Granting this 271 will force that.

Bell Atlantic Presentation to Assistant Attorney General Joel I. Klein (October 15, 1999)

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